

Ten Things to Ask Your Accountant



Kim Lawson

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Media Contact

sbse.webinars@irs.gov

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Ten Things to Ask Your Accountant

1. What are your professional credentials?
2. What services do you provide and what is your work experience?
3. Will you represent me in an audit?
4. Can I deduct the business use of my home?
5. Can I claim a deduction for mileage?
6. Can I claim a deduction for the cost of vehicles?
7. Can I deduct the cost of work clothes?
8. How do I recover the costs of business assets?
9. What records do I need to keep and for how long?
10. Do I need to make estimated tax payments?

Ten Things to Ask Your Accountant

1. What are your professional credentials?

- Enrolled agent
- Certified public accountant
- Attorney

Ask if they belong to a professional organization

Ten Things to Ask Your Accountant

2. What services do you provide and what is your work experience?

- Electronic filing?
- Electronic tax payments?

Ten Things to Ask Your Accountant

- 2. What services do you provide and what is your work experience?**
- Consider whether the accountant:
 - Has worked with similar businesses
 - Is familiar with your line of business
 - Can provide references
 - Signs prepared returns

Ten Things to Ask Your Accountant

3. Will you represent me in an audit?

A reputable professional will sign the returns they prepare and will enter their PTIN. Avoid any preparer who refuses to sign a return they prepared and avoid anyone who asks you to sign a blank tax form.

Online Public Directory of Tax Return Preparers

Search for Tax Return Preparers

<http://irs.treasury.gov/rpo/rpo.jsf>

Choosing a Tax Professional

<http://www.irs.gov/Tax-Professionals/Choosing-a-Tax-Professional>

Ten Things to Ask Your Accountant

4. Can I deduct the business use of my home?

- Requirements to claim deduction
 - Regular and exclusive use
 - Principal place of your business

Ten Things to Ask Your Accountant

4. Can I deduct the business use of my home?

- Two options:
 - Regular Method
 - Simplified

Ten Things to Ask Your Accountant

5. Can I claim a deduction for mileage?

- Use of car
 - Business use only
 - Business and personal use
 - Do not include commuting to and from work
 - Actual or Standard rate

Ten Things to Ask Your Accountant

5. Can I claim a deduction for mileage?

Actual expenses or standard rate?

- Actual expenses include:
 - Gas
 - Oil
 - Repairs
 - Insurance

Ten Things to Ask Your Accountant

5. Can I claim a deduction for mileage?

Actual expenses or standard rate?

- Standard mileage
 - Multiply business mileage by standard rate
 - Check IRS.gov for rate

Ten Things to Ask Your Accountant

6. Can I claim a deduction for the costs of vehicles used in my business?

- Generally cannot deduct capital expense
- Recover cost through:
 - IRC Section 179 deduction
 - Special depreciation allowance
 - Depreciation deductions

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7. Can I deduct the cost of work clothes?

- Cost of clothes deductible if:
 - You must wear them as condition of employment
 - Clothes are not suitable for everyday wear
- Can deduct cost of protective clothing required for your job

Ten Things to Ask Your Accountant

8. How do I recover the costs of business assets?

- Depreciation
 - Office furniture
 - Buildings
 - Machinery
 - Equipment
- IRC Section 179 deduction

Ten Things to Ask Your Accountant

9. What records do I need to keep and for how long?

- Keep documents substantiating:
 - Income
 - Deductions
 - Credits

Ten Things to Ask Your Accountant

9. What records do I need to keep and for how long?

- Keep documents until statute of limitations for return expires
- Keep employment tax records for four years

Ten Things to Ask Your Accountant

10. Do I need to make estimated tax payments?

- Expect to owe \$1,000 or more on return
- Use Form 1040ES to:
 - Estimate taxable income for the year
 - Calculate tax
 - Pay tax
- Use EFTPS to make payments easily

Estimated Tax Payments

IRS Homepage

www.irs.gov

EFTPS

<https://www.eftps.gov/eftps/>

Direct Pay

<http://www.irs.gov/Payments/Direct-Pay>

Tax Resources

- Publication 946, How To Depreciate Property
- Publication 583, Starting a Business and Keeping Records
- IRS Publication 15, Employer's Tax Guide
- Form 1040 ES, Estimated Tax for Individuals
- IRS Publication 505, Tax Withholding and Estimated Tax
- www.irs.gov – “How to choose a tax preparer”